Dear Friend,

Since the President signed the Senate health care bill into law on Tuesday, I have received numerous calls and e-mails from my constituents asking, "What does this bill mean for me?" and "What's next?" While it remains unclear how many of the provisions in the 2400 page bill and its 150 page companion, the so-called "Reconciliation Bill," will be implemented, I wanted to provide you with a timeline of some of the changes you can expect over the next few years.

The greatest **immediate** change is that individuals with preexisting conditions will be able to purchase health care coverage without risk of being denied or cancelled. This was a goal of all the alternative legislative proposals.

A $2.3 billion tax on all prescription drugs begins immediately. On July 1, 2010, a new 10 percent tax on indoor tanning services begins.

Six months from now, unmarried adult children 26 and under can stay on their parents' health insurance plans.

Starting this year and continuing in 2011, substantial cuts will be made to Medicare. Overall, $530 billion will be cut from Medicare over the next ten years. This is of great concern to me, as many of my constituents already have difficulty in finding Medicare providers to care for them. Additionally, this will restrict and/or eliminate the Medicare Advantage program, affecting over 41,000 seniors in my district alone. Moreover, the bill does not address the physician reimbursement issue (so-called "doc fix"). Under existing law, reimbursement rates for Medicare providers would be cut by 20 percent or more on March 31, 2010.

One aspect of the health care bill that has not been adequately considered relates to its impact on the number of doctors who will be necessary to provide care for the newly insured. A study published in the *New England Journal of Medicine* found that 46 percent of the country's primary care physicians indicated they would leave the practice of medicine altogether if Congress passed the proposed health care overhaul bill.

In 2011, Medicaid eligibility will be expanded. The chief deputy director for California's Medicaid health care programs estimates that this will cost California's state government an additional $2 to $3 billion per year. At the same time, the rate of reimbursement for services under Medicaid is even lower than for Medicare – in many cases considerably less than what it actually costs physicians to perform those services. As a result, providers are increasingly reluctant to take Medicaid patients. Enrolling more patients under a program that is already overburdened will likely lead to longer wait times and rationing of care. Access to "coverage" does not necessarily equal access to care.

In 2013, a new 2.3 percent tax will be imposed on medical devices, including wheelchairs, artificial hips and knees, crutches, scalpels, stethoscopes, and hospital beds. The tax will total $20 billion over 10 years. The nonpartisan Congressional Research Service notes that, "For ordinary medical devices with many producers, the tax should be fully passed on to consumers, although some of the cost, depending on the device, will be paid by insurers and lead to higher insurance payments, still ultimately falling on consumers." I am thus concerned that taxing medical devices will be passed on to patients and adversely affect health care innovation.

Beginning in 2014, government-run health insurance exchanges will be created and the requirement that all individuals are enrolled in a health insurance plan is implemented. Ironically, while this bill was touted as "health insurance reform," insurance companies participating in the exchanges will be the recipients of $460 billion in refundable tax credits. The Congressional Budget Office (CBO) projects that health insurance premiums could go up as much as 27 to 30 percent for those purchasing insurance under the government-created exchanges. Americans who do not qualify for subsidies yet who are unable to afford health care coverage will be faced with additional civil penalties for noncompliance with the new federal mandate to purchase coverage.

Also in 2014, employers who do not offer health benefits approved by the Secretary of Health and Human Services must pay a fine of $3,000 per employee. This amount is reduced to $2,000 per person if all employees in the company are moved to the government-run exchange. A recent article in the Wall Street Journal highlights some of the problems with the employer tax penalties in the bill. For example, the Caterpillar company said the bill would cost the company $100 million or more in the first year alone. Far from being a "job creator," this bill is likely to lead to lay-offs. The employer provisions under the bill are of concern to me, as unemployment in some areas of my district is already 15 percent. Penalizing employers at a time when new jobs are so desperately needed will only make it more difficult for Americans to recover from the economic crisis.

This is only a small taste of the changes that can be expected under the recently enacted health care overhaul law. As I receive more details regarding implementation of the bill, I will share that information with you. Next week I will answer the question, “What now?”

Sincerely,

Daniel E. Lungren
Member of Congress

Any comments?

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